

MNI POLITICAL RISK ANALYSIS - US Daily Brief 13-08-25

by Adam Burrowes

The White House *(times subject to change)*

11:00 ET 16:00 BST	President Trump departs the White House en route to the Kennedy Center
11:15 ET 16:15 BST	President Trump visits the Kennedy Center and 'makes an announcement'
12:10 ET 17:10 BST	President Trump arrives the White House
16:00 ET 21:00 BST	President Trump signs Executive Orders

KEY DATES:

- ❖ End of Congressional recess: September 2
- ❖ Government funding expires: September 30
- ❖ China tariff truce expires: November 10

Washington

President Donald Trump will travel across DC to the Kennedy Center at 11:00 ET 16:00 BST, where he is expected to announce annual Kennedy Center Honors recipients. His announcement may include unrelated remarks on other market-relevant issues.

- Yesterday he said on [Truth Social](#): "GREAT Nominees for the TRUMP/KENNEDY CENTER, whoops, I mean, KENNEDY CENTER, AWARDS. They will be announced Wednesday."

As of this morning, the National Guard has deployed across Washington DC. Semafor notes: "Under current law, the president can only control the city's police force for 30 days unless the House and Senate authorize an extension, and Democrats are already preparing to thwart any Republican attempt to do so."

- Senator Chris Van Hollen (D-MD) said: "What Donald Trump is doing is, in some ways, a dress rehearsal for going after others around the country. And I think we need to stop this — certainly by the end of the 30 days."

At 09:00 ET 14:00 BST, Trump is expected to join Ukrainian President Volodymyr Zelenskyy and European leaders for an emergency virtual summit to discuss the war in Ukraine and Trump's upcoming meeting with Russian President Vladimir Putin. (More below)

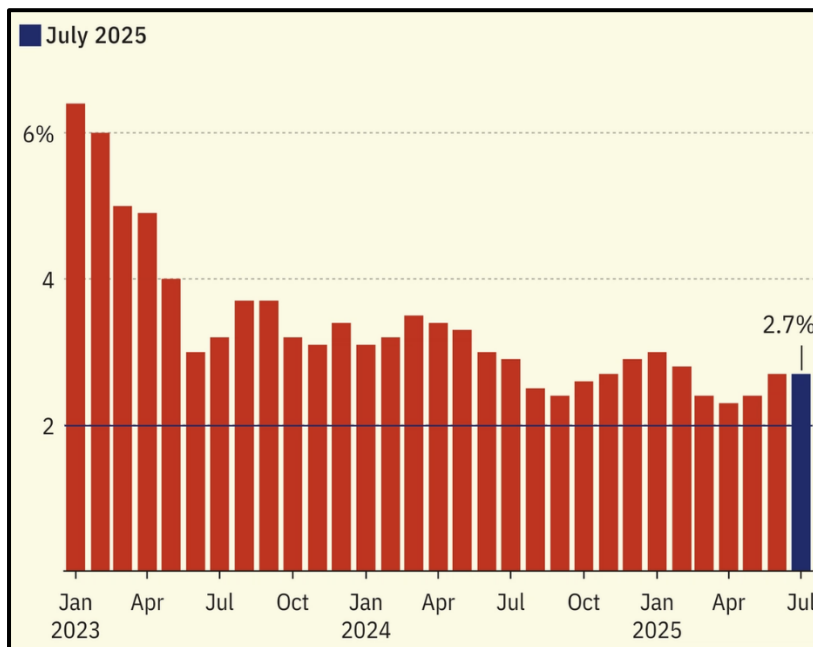
Economy

Treasury Secretary Scott Bessant told Fox Business that the Federal Reserve should be open to a 50 basis-point cut in the benchmark interest rate, after a softer-than-expected CPI print.

- MNI noted in a [review](#) of the CPI report: "The July CPI report saw further acceleration in monthly core inflation but it was driven by the volatile supercore category. Instead, core goods inflation, an area of focus for tariff passthrough clues, was surprisingly soft."

- Bessent said: “The real thing now to think about is should we get a 50 basis-point rate cut in September.” He highlighted how, two days after the Fed left rates unchanged July 30, revised data showed weaker job growth for May and June than official figures had previously indicated, per Bloomberg.
- Bessent told Bloomberg TV this morning: “I think we could be heading into a series of rate cuts here, and could start with 50bps in September.”

Figure 1: US Consumer Price Index, Year-Over-Year



Source: Semafor, Bureau of Labor Statistics

Federal Reserve

Bessent told Fox Business that the administration hopes Stephen Miran, the Chair of the White House Council of Economic Advisors, will be confirmed to the Fed board in time for the September 16-17 policy meeting. Bessent said: “He is going to be a great voice. It is going to change the composition of the Fed.”

- The open position, vacated by Adriana Kugler on Friday, expires in January 2026, but Bessent suggested Miran could be asked to “stay on” for a full 14-year term. Bessent told Bloomberg TV this morning that Miran is unlikely to stay on beyond January.
- Bessent reiterated that President Trump has cast a “very wide net” in his search for a nominee to succeed Chair Jerome Powell in May 2026. Bessent is widely understood to be Trump’s chief advisor on the search for a new Chair.

Meanwhile, Trump renewed his criticism of Powell’s handling of monetary policy and the renovation project at the Fed’s DC headquarters, that has been at the centre of a White House pressure campaign aimed at forcing Powell to resign.

- Trump said on [Truth Social](#): “Jerome “Too Late” Powell must NOW lower the rate. Steve “Manouychin” really gave me a “beauty”when he pushed this loser. ...

Fortunately, the economy is sooo good that we've blown through Powell and the complacent Board."

- On the Fed renovation, Trump appeared to threaten a legal action, although it is unclear what that could entail: "I am, though, considering allowing a major lawsuit against Powell to proceed because of the horrible, and grossly incompetent, job he has done in managing the construction of the Fed Buildings."
- In a later [Truth Social](#) post, Trump argued the CPI report provides evidence that the administration's tariff policies are not driving inflation: "It has been proven, that even at this late stage, Tariffs have not caused Inflation, or any other problems for America, other than massive amounts of CASH pouring into our Treasury's coffers."

Bureau of Labor Statistics

Trump's nominee to lead the BLS, EJ Antoni, has received a lukewarm reception from economists across the political spectrum, with conservative economists criticising Antoni's grasp of the data he will oversee, per [Axios](#).

- Stan Veuger, at the conservative American Enterprise Institute, told Axios Antoni's "work at Heritage has frequently included elementary errors or nonsensical choices that all bias his findings in the same partisan direction."
- Dave Hebert, at the conservative American Institute for Economic Research, said on X: "I've been on several programs with him at this point and have been impressed by two things: his inability to understand basic economics and the speed with which he's gone MAGA."
- The Manhattan Institute's Jessica Riedl, who previously worked at Heritage, said on X that "senators who vote to confirm Antoni are voting to essentially eviscerate the BLS and its jobs data."
- Jason Furman, who chaired the CEA under Obama, wrote on X: "I don't think I have ever publicly criticized any Presidential nominee before. But E.J. Antoni is completely unqualified to be BLS Commissioner."
- The Wall Street Journal wrote in an [editorial](#): "Mr. Antoni's commentary at Heritage has been highly partisan, but the BLS job demands nonpartisan professionalism. ... Mr. Antoni will have to take off his MAGA hat if he wants to ensure that the public and markets can trust BLS data."

Fox Business published an interview with Antoni yesterday, taken before Trump announced his nomination, in which he argued that the BLS should suspend the agency's monthly jobs report.

- Antoni said: "How on Earth are businesses supposed to plan — or how is the Fed supposed to conduct monetary policy — when they don't know how many jobs are being added or lost in our economy? It's a serious problem that needs to be fixed immediately,"

Punchbowl News notes on Antoni's Senate confirmation: "This isn't a typical nomination, even by the uneven standards of the Trump administration. Trump's firing of McEntarfer cracked open real fears about the long-term quality and reliability of core U.S. economic data — in particular, metrics that don't square with Trump's declaration of a "golden age" for the United States."

- Senator Bill Cassidy (R-LA), Chair of the Senate HELP Committee, which has jurisdiction over Antoni's nomination, acknowledged that Trump's removal of BLS Commissioner, Erica McEntarfer, was "understandable".
- Cassidy said: "BLS's years-long failure to produce reliable data - especially when that data has broad market-moving implications - is unacceptable. We need a BLS Commissioner committed to producing accurate, unbiased economic information to the American people."

The HELP Committee has an 11-10 Republican balance of power, meaning any one Republican committee member could theoretically block advancing Antoni's nomination to a full Senate vote.

- The committee includes Senators Susan Collins (R-ME), Lisa Murkowski (R-AL), and Rand Paul (R-KY), all members who have regularly clashed with the White House, and will want assurances that the BLS will maintain critical data releases.
- When lawmakers return from recess on September 2, time on the Senate floor will be limited as Senators must also address FY26 funding, pending exec branch nominations, and the more pressing nomination of Stephen Miran to temporarily fill the vacant Fed seat.
- When asked yesterday whether the monthly jobs report would continue to be released, Press Secretary Karoline Leavitt told reporters: "I believe that is the plan and that's the hope."

Semiconductors

The Republican Chair of the House of Representatives Select Committee on China, John Moolenaar (R-MI), criticised Trump's decision to authorise some semiconductor sales to China in return for 15% of the revenue.

- Moolenaar said in a statement: "I am concerned by reports that the US Government will be taking a cut of the proceeds from the sale of advanced H-20 and equivalent chips to China, and there are questions about the legal basis for doing so. Export controls are a frontline defense in protecting our national security, and we should not set a precedent that incentivises the Government to grant licenses to sell China technology that will enhance its AI capabilities."

The New York Times wrote that the decision underscores worries that Trump might be "willing to give too much" to secure a trade deal with China.

- The Trump administration argues that the chips that are subject to the quid-pro-quo deal are 'obsolete', and if other, more powerful, AI chips are authorised for sale to China, their capacity will be 'unenhanced' to reduce security risks.
- [Reuters](#) reports that U.S. authorities have secretly placed location tracking devices in targeted shipments of advanced chips they see as being at high risk of illegal diversion to China... The measures aim to detect AI chips being diverted to destinations which are under U.S. export restrictions, and apply only to select shipments under investigation..."

Congressional Business

The House is OUT until September 2

The Senate is OUT until September 2

Committee Schedule –

Russia-Ukraine

The high-profile meeting between Trump and Russian President Vladimir Putin will take place at Joint Base Elmendorf-Richardson in Anchorage, Alaska on Friday, per CNN.

- In preparation for Friday's meeting, Secretary of State Marco Rubio spoke with Russian Foreign Minister Sergei Lavrov yesterday. "Both sides confirmed their commitment to ensure a successful event," per a State Department readout.
- At 09:00 ET 14:00 BST, Trump will hold an emergency call with Volodymyr Zelenskyy and European leaders to discuss the Ukraine war and strategy for the Putin meeting. Zelenskyy, NATO Secretary General Mark Rutte, and several European leaders will dial into the White House from Germany.
- Finnish President Alexander Stubb, French President Emmanuel Macron, Italian PM Giorgia Meloni, British PM Sir Keir Starmer, and Polish PM Donald Tusk are also expected to join, as will European Commission President Ursula von der Leyen, Council President Antonio Costa
- Trump said on Truth Social this morning: "Will be speaking to European Leaders in a short while. They are great people who want to see a deal done."

Zelenskyy and the Europeans will impress on Trump that an unfavourable deal for Ukraine is unlikely to resolve the security threat Russia poses to Europe. They are likely to warn Trump that recent battlefield advances by Russia, designed to convey a position of strength, may not be a reasonable reflection of the trajectory of the war.

- While the White House has stressed that the meeting is a "listening exercise" for Trump rather than a negotiation, European leaders fear that Trump may be susceptible to Russian talking points.
- The worst-case scenario for Europe is that Putin convinces Trump that a Russian victory is inevitable. Such an outcome could feed into Trump's desire to see a quick resolution to the conflict and compel Trump to increase pressure on Zelenskyy to swallow territorial losses, restrictions on its military, and abandon NATO/EU aspirations.
- Trump has recently talked up the prospect of 'land swaps' in order to reach a peace deal, but Zelenskyy's hands are tied. Article 73 of the Ukrainian Constitution stipulates that "Issues of altering the territory of Ukraine are resolved exclusively by an All-Ukrainian referendum."

Axios reports, US officials argue that if Trump's rhetoric sounds pro-Russian at times, it's because he believes that kind of public messaging will help him get a deal.

- An official told the outlet that Trump is still "p---ed off" at Putin: "The general view for months is that we can bring down the Russian economy tomorrow. There are more

ways to ruin Ukraine. But if he had to choose a side, he would start to bring down the Russian economy. He's really had enough."

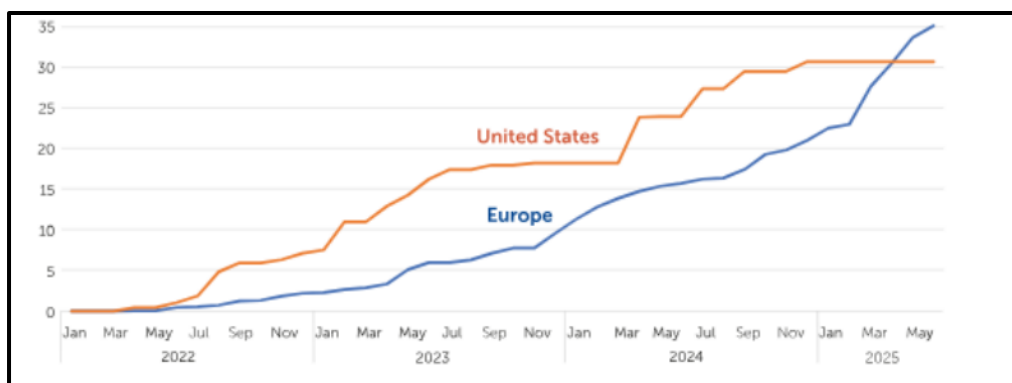
Zelenskyy told reporters yesterday that Ukraine will not cede the eastern Donbas region of Donetsk and Luhansk without security guarantees: *"For Russians, Donbas is a bridgehead for a future new offensive. Any territorial issues cannot be separated from security guarantees."*

- Politico has a rundown of Zelenskyy's demands [here](#), including war reparations, the return of abducted children, and more broadly, "a deal that has meaningful security guarantees and doesn't simply allow Trump and Putin to team up on reintegrating Russia into the global economy. That would only allow Putin to strengthen Russia for renewed offensives."
- Bloomberg notes ceding Donbas, *"would require Zelenskyy to order troops to withdraw from 9,000 square kilometers (3,474 square miles) of Ukrainian territory, handing Moscow a victory that its army couldn't achieve militarily for more than a decade."*
- The [Atlantic](#) writes: *"Putin has shown no sign of compromising his positions. His demands to reach an end to hostilities remain maximalist: He wants Russia to keep the territory it conquered, and Ukraine to forgo the security guarantees that could prevent Moscow from attacking again. Those terms are nonstarters for Ukraine and the European nations that have rallied to its defense."*

For the European leaders, there is a clear objective of impressing on Trump that negotiations with Putin cannot begin until there is a ceasefire along the frontlines.

- There has been speculation that the European leaders could look to present a more robust stance towards their support for Ukraine and opposition to any concessions to Putin. European countries are now (if taken as a single bloc) the primary financial and military supplier to Kyiv as the US draws down its support under the Trump administration.
- While Ukraine would find itself significantly disadvantaged without any US backing, the support of European countries would likely prove sufficient to ensure some form of armed resistance to Russia's invasion could continue into the medium-to-long term.

Figure 1: Ukraine Military Aid via Defense Procurement (Cumulative) US and Europe (2022-June 2025, billion Euros)

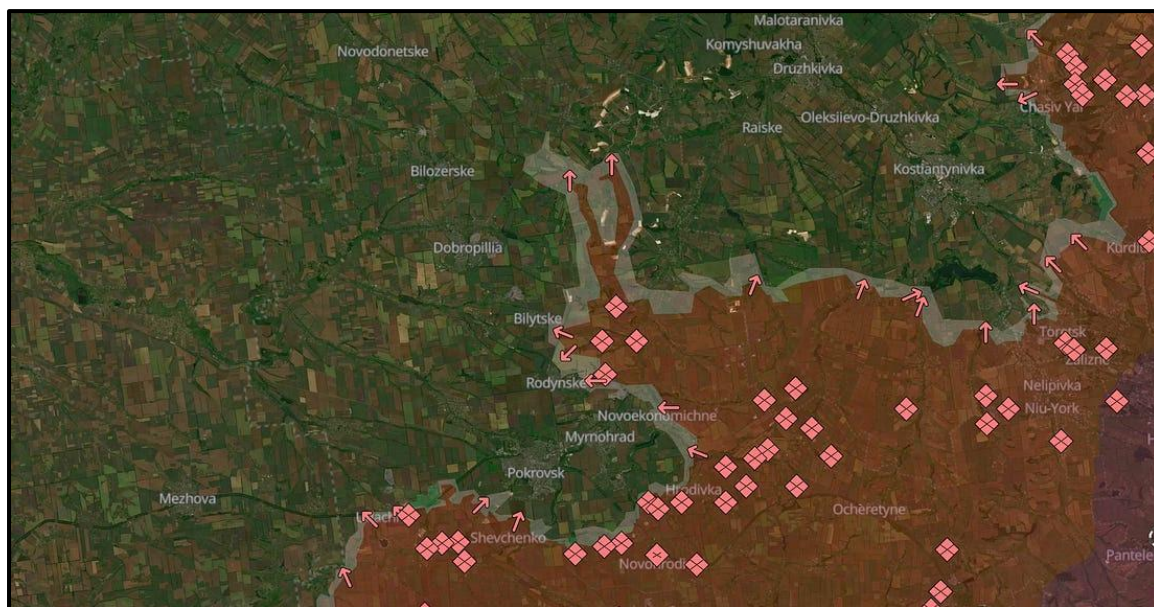


Source: Kiel Institute

Military analysts noted this week that a new Russian operation has broken through part of the Ukrainian frontline. The operation is the first significant change in frontline control in months, but still minor, relative to the human cost for Russia. A point that Zelenskyy will stress to Trump.

- Zelenskyy told reporters: “In this month, [Russia] will try to demonstrate advances in all directions to politically press Ukraine, demanding concessions. We understand this and our army is preparing for this.”
- In an [interview](#) with Sid Rosenberg yesterday, Secretary of State Marco Rubio, arguably the most prominent Russia hawk in the Trump administration, acknowledged the heavy Russian casualty rate: “This war means a lot to Putin. ... The last month...I think in July they lost 60,000 Russians. Not lost like missing in action—like dead.”
- As noted in yesterday’s edition of this newsletter, the Russian operation appears to have driven an 18km wedge into Ukraine’s frontline. It is unclear if the operation will durably change the frontline, but shortages of Ukrainian fighting troops may force Kyiv to divert personnel from other strategically important defensive positions, opening up more vulnerabilities.

Figure 3: Territory Gained in Russian Offensive Operation



Source: Mick Ryan, [Live map](#)

White House press secretary Karoline Leavitt told reporters yesterday: “The goal of this meeting is for the president to walk away with a better understanding of how we can end this war... This is a listening exercise for the President.”

- She added that Trump “hopes in the future there can be a trilateral meeting with these there leaders to finally bring this conflict to an end.”

- Both Leavitt and State Department spokesperson Tammy Bruce made statements to the press seemingly aimed at calming European nerves. Both spokespeople said it was Putin who ‘suggested the meeting,’ and both stressed “this is not a negotiation.”

Thomas Graham, a Russia expert at the Council on Foreign Relations, said he believes it is likely the meeting would not be held if there is not the expectation internally for some substantive US-Russia agreement to emerge from it, per Laura Rozen at Diplomatic.

- Graham said: “Whether [US envoy Steve] Witkoff conveyed properly to the Russian side what the conditions were for this meeting or not, we don’t know, in part because we don’t know what the conditions exactly were.
- “But a failure at this point for the presidents to meet and agree on something substantive obviously [would] be a significant setback. And will, I think, put a lot of pressure on the White House to reconsider how it wants to move forward in its relationship with Russia.”
- The most obvious outcome sought by the White House is Putin’s approval of a bilateral, or trilateral, meeting with Zelenskyy. Putin has so-far resisted such a meeting, although the Kremlin has kept the door open.

2026 Midterms

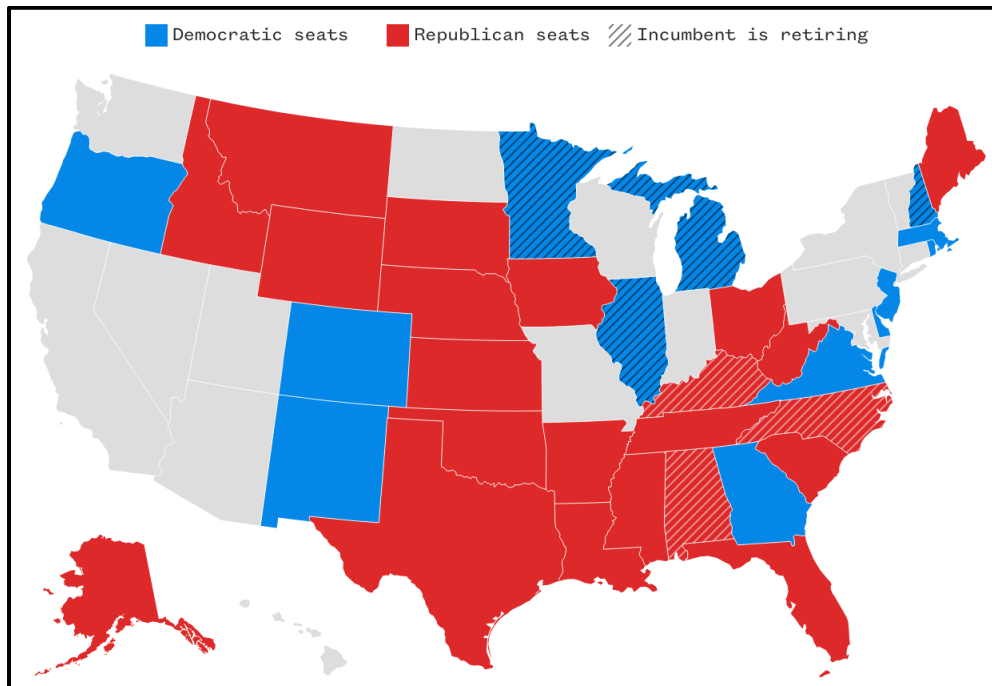
Former Senator Sherrod Brown confirmed yesterday he will run for re-election for the Senate at next year’s midterm elections. Brown outperformed Democratic Party presidential candidate Kamala Harris in the Ohio Senate race last year, losing narrowly to Republican Bernie Moreno.

- Brown’s decision to run, against Senator Jon Husted (R-OH) in the seat vacated by Vice President JD Vance, increases Democrats’ long-shot chance of flipping control of the Senate. Sabato’s Crystal Ball adjusted the race rating from “likely” to “lean” Republican, in light of Brown’s entry.

NBC News notes: “The news comes just weeks after Democrats successfully convinced popular former Gov. Roy Cooper to enter the North Carolina Senate race. Democrats feel even better about the chances Cooper – who has won several statewide contests – has in a state Trump carried more narrowly (3 points) in 2024, particularly with incumbent Republican Thom Tillis declining to seek another term.”

- As NBC notes, “The biggest remaining question on the Senate map for Democrats is Maine. Alongside North Carolina, Maine, which Trump lost by 7 points, represents Democrats’ best pickup opportunity. But longtime GOP Sen. Susan Collins has proven difficult to unseat, winning her last race by 9 points. Democrats are holding out hope that Gov. Janet Mills would take her on, but she’s yet to make a final decision.”

Figure 2: 2026 Senate Map (Republicans hold 53 seats, Democrats hold 47 seats)



Source: NBC

Brazil

The State Department [released](#) its annual Country Reports on Human Rights Practices. The [Brazil report](#) highlights a range of domestic political issues that the Trump administration has used to justify a 50% tariff on Brazilian imports into the US.

- The report notes: “Court records reveal that Justice Alexandre de Moraes personally ordered the suspension of more than 100 user profiles on the social media platform X (formerly Twitter), disproportionately suppressing the speech of advocates of former president Jair Bolsonaro...”
- It continues: “The government telecommunications regulator Anatel ordered internet service providers to block X by order of the STF on August 31, after the company failed to appoint a legal representative and pay outstanding fines...”

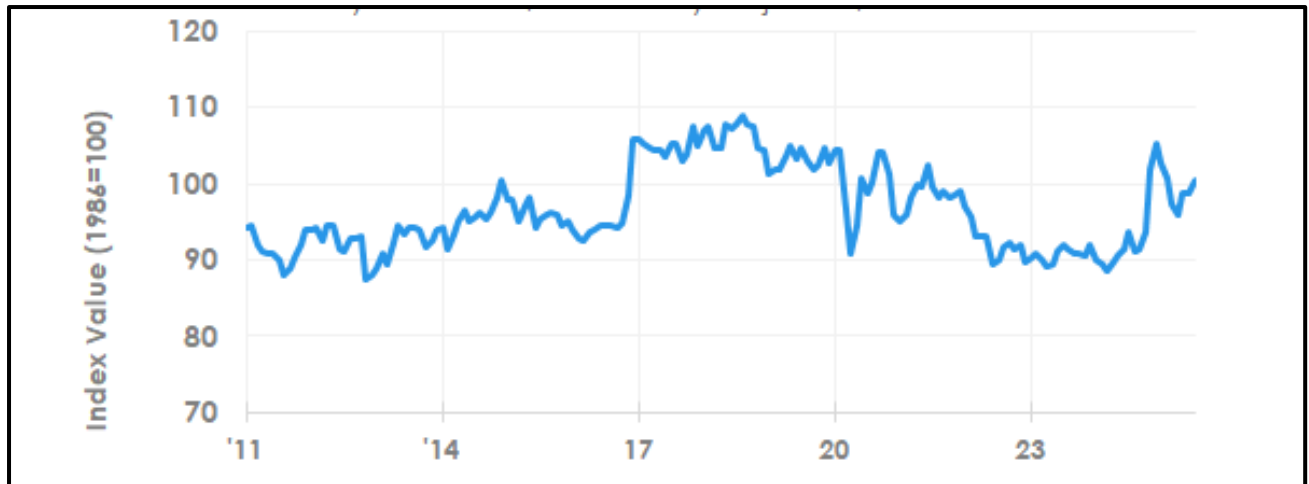
Chart of the Day

The NFIB [Small Business Optimism Index](#), “rose 1.7 points in July to 100.3, slightly above the 52-year average of 98. Contributing most to the rise in the Optimism Index were respondents reporting better business conditions and reporting that it is a good time to expand.”

- The report notes: “In contrast to the Optimism Index, the Uncertainty Index increased by eight points from June to 97. Twenty-one percent of small business owners reported labor quality as their single most important problem, up five points from June and ranking as the top problem.”
- NFIB Chief Economist Bill Dunkelberg said: “Optimism rose slightly in July with owners reporting more positive expectations on business conditions and expansion opportunities. While uncertainty is still high, the next six months will hopefully offer

business owners more clarity, especially as owners see the results of Congress making the 20% Small Business Deduction permanent and the final shape of trade policy. Meanwhile, labor quality has become the top issue on Main Street again.”

Figure 3: Small Business Optimism Index



Source: NFIB

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